

**MONTHLY OPERATING REPORT****CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period July 1 to July 31, 200 9Mark One Box For Each  
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**The debtor must attach each of the following reports unless the  
United States Trustee has waived the requirement in writing. File original  
with Clerk of Court and duplicate with UST with an original signature.

Report/Document Attached	Previously Waived	REQUIRED REPORTS/DOCUMENTS
(mark only one - attached or waived)		
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Comparative Balance Sheet (Form 2-B)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Profit and Loss Statement (Form 2-C)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Cash Receipts & Disbursements Statement (Form 2-D)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Narrative (Form 2-F)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ( )	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

**I declare under penalty of perjury that the following Monthly Financial Report and any  
attachments thereto, are true and correct to the best of my knowledge and belief.**Executed on: August 15, 2009Debtor(s)\*: Warehouse 86, LLC

By:\*\*

Position: Chief Financial OfficerName of Preparer: Ernest K. Strahan, IIITelephone No.  
of Preparer: 901-628-8545

\*both debtors must sign if a joint petition

\*\*for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

Filing Date	Month						
	11/04/08	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
<b>ASSETS:</b>							
<b>CURRENT ASSETS:</b>							
Cash	89,361	161,996	157,703	157,468	158,324	179,444	179,178
Accounts Receivable, Net	152,270	611	611	611	611	611	611
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0
Prepaid expenses & deposits*	66,702	82,502	82,502	82,502	82,502	82,502	82,502
Other							
<b>TOTAL CURRENT ASSETS</b>	383,966	245,109	240,816	240,581	241,437	262,557	262,291
<b>PROPERTY, PLANT &amp; EQUIPMENT**</b>	2,178,073	0	0	0	0	0	0
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0
<b>NET PROPERTY, PLANT &amp; EQUIPMENT</b>	1,053,096	0	0	0	0	0	0
<b>OTHER ASSETS</b>							
Interests in incorporated businesses	6,573	0	0	0	0	0	0
Insurance claim from tornado & fire,							
registered name, customer lists							
(unknown)							
<b>TOTAL OTHER ASSETS</b>	6,573	0	0	0	0	0	0
<b>TOTAL ASSETS</b>	1,443,634	245,109	240,816	240,581	241,437	262,557	262,291

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

\*\*This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

\*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 88, LLC

CASE NUMBER: 08-03423-EE

## COMPARATIVE BALANCE SHEET

	Filing Date						
	11/04/08	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09
<b>LIABILITIES:</b>							
POST-PETITION LIABILITIES ***							
Taxes Payable (FORM 2-E, P. 1 of 3)	0	1,981	242	(73)	27	-	93,158
Accounts Payable (FORM 2-E, P. 1 of 3)*							
Other - DIP Loan	0	1,981	242	(73)	27	-	93,158
TOTAL POST-PETITION LIABILITIES							
PRE-PETITION LIABILITIES ***							
Notes Payable-Secured	1,264,902	3,732	3,732	3,732	3,732	3,732	3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000
Unsecured Debt**	2,562,082	2,516,171	2,516,171	2,516,486	2,516,486	2,516,413	2,516,413
Other							
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,547,903	2,547,903	2,548,218	2,548,218	2,548,145	2,548,145
TOTAL LIABILITIES	3,854,984	2,549,884	2,548,145	2,548,145	2,548,245	2,548,145	2,541,301
<b>EQUITY (DEFICIT)</b>							
PREFERRED STOCK							
COMMON STOCK							
PAID-IN CAPITAL							
RETAINED EARNINGS							
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)
Post Filing Date		106,575	104,021	103,786	104,542	125,762	32,340
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,304,775)	(2,307,329)	(2,307,564)	(2,306,808)	(2,285,588)	(2,379,010)
TOTAL LIABILITIES & EQUITY	1,443,634	245,109	240,816	240,581	241,437	262,557	262,291

\*Reflects disputed insurance charge-Reconciled June 2009.

\*\*Reflects payment of utility charges and insurance premiums pursuant to court order.

\*\*\*Reflects updated November pre and post-petition liability balances due to final reconciliation.

\*\*\*\*This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

## PROFIT AND LOSS STATEMENT

	Month	Feb-09	Month	Mar-09	Month	Apr-09	Month	May-09	Month	Jun-09	Month	Jul-09
<b>NET REVENUE</b>		0		0		0		0		0		0
<b>COST OF GOODS SOLD:</b>												
Material		0		0		0		0		0		0
Labor-Direct		0		0		0		0		0		0
Overhead		0		0		0		0		0		0
<b>TOTAL COST OF GOODS SOLD</b>		0		0		0		0		0		0
<b>GROSS PROFIT</b>												
<b>OPERATING EXPENSES</b>												
Selling & Marketing												
General & Administration (Rents, utilities, salaries, etc.)		3,195		2,288		5		(930)		(21,393)		93,189.15
Other												
<b>TOTAL OPERATING EXPENSES</b>		3,195		2,288		5		(930)		(21,393)		93,189
<b>INTEREST EXPENSE</b>		234		0		230		174		173		237
<b>INCOME BEFORE DEPRECIATION OR TAXES</b>		(3,429)		(2,288)		(235)		756		21,220		(93,425)
<b>DEPRECIATION OR AMORTIZATION:</b>		0		0		0		0		0		0
<b>OTHER INCOME</b>		0		0		0		0		0		4
<b>GAIN/LOSS ON DISPOSAL OF FIXED ASSETS</b>		0		0		0		0		0		0
<b>NET INCOME (LOSS)</b>		(3,429)		(2,288)		(235)		756		21,220		(93,422)

\*Requires explanation in NARRATIVE (FORM 2-F).

FORM 2-C

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period July 1 to July 31, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		\$ <u>179,444</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	\$ <u>100,004</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	\$ <u>(100,270)</u>	
4.	Net Cash Flow		\$ <u>(266)</u>
5.	Ending Cash Balance (to FORM 2-B)		\$ <u>179,178</u>

**CASH SUMMARY - ENDING BALANCE**

	Amount*	Financial Institution
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt.
6. Money Market Account	\$ <u>100,004</u>	Bank of America-DIP
7. Operating Account	\$ <u>66,302</u>	Bank of America-DIP
8. Payroll Account	\$ <u>12,872</u>	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	\$ <u>179,178</u>	

\*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

**ADJUSTED CASH DISBURSEMENTS**

Cash disbursements on Line 3 above less  
inter-account transfers & UST fees paid \$ 270

\*NOTE: This amount should be used to  
determine UST quarterly fees due and agree  
with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED JULY 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$ 975 (\$650 credit)		
April	\$ 1,286			
May	\$ 174			
June	\$ 273			
Total				
2nd Quarter	\$ 1,733	\$ 325 (\$325 credit)		
July	\$ 270			
August	\$			
September	\$			
Total				
3rd Quarter	\$ 270			
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

Fee Schedule  
DISBURSEMENT CATEGORY

## QUARTERLY FEE DUE

Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

\*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period July 1 to July 31, 200 9Account Name: DIP-Payroll Account Account Number: 3755551966**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ -

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period July 1 to July 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755555454

**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
07/22/2009	Transfer from General Operating Account	100,000.00
07/31/2009	Interest Income	4.11

Total Cash Receipts \$ 100,004.11



CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period July 1 to July 31, 2009Account Name: Bank of America-DIP Account Number: 3755551953**CASH RECEIPTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ 0.00

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period July 1 to July 31, 200 9

Account Name: DIP-General Account Account Number: 3755551953

**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
07/01/2009		Bank of America	Service charge	\$205.78
07/14/2009		Ernie Strahan	Computer checks	\$32.78
07/22/2009		Transfer to MM Account		\$100,000.00

Total Cash Disbursements \$100,239.56

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC  
CASE NUMBER: 08-03423-EE

**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**

(This form should be completed for each type of account  
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period July 1 to July 31, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

**CASH DISBURSEMENTS JOURNAL**

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
07/01/2009		Bank of America	Service Charge	30.29

Total Cash Disbursements \$ 30.29

\*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

**Warehouse 86, LLC**

CASE NUMB 08-03423-EE

## SUPPORTING SCHEDULES

For Period

July 1

to

**July 31**

2009

### POST-PETITION ACCOUNTS PAYABLE AGING REPORT

POST-PETITION ACCOUNTS PAYABLE DURING PERIOD:						
TYPE	INCURRED	DUE	0-30	31-60	61-90	OVER 90
FITW						
FICA						
FUTA						
SITW						
SUTA						
SALES TAX						
TRADE PAYABLES						
Butler Snow Law Firm	7/1/09	8/30/09	\$93,156.37			
TOTALS			\$93,156.37	\$0	\$0	\$0



CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

**SUPPORTING SCHEDULES**

For Period July 1 to July 31, 2009

**INSURANCE SCHEDULE**

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

\*\*Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.



**Bank of America**

H

CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755551953  
01 01 152 01 M0000 E# 1  
Last Statement: 06/30/2009  
This Statement: 07/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
GENERAL PAYABLES ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

**ANALYZED CHECKING****Account Summary Information**

Statement Period 07/01/2009 - 07/31/2009	Statement Beginning Balance	166,822.71
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 1	Amount of Checks	32.78
Number of Other Debits 2	Amount of Other Debits	100,206.78
	Statement Ending Balance	66,583.15

Number of Enclosures 1      Service Charge .00

**Withdrawals and Debits****Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20123	32.78	07/27	8892879509				

**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
07/15		206.78	Account Analysis Fee ANALYSIS CHARGE JUNE BILLING FOR DETAIL 37555-51953	08790049491
07/22		100,000.00	Miscellaneous Debit Adjustment aalzD-Book Transfer :	02460001512

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
06/30	166,822.71	166,822.71	07/27	66,583.15	66,583.15
07/15	166,615.93	166,615.93	07/31	66,583.15	66,583.15
07/22	66,615.93	66,615.93			



**Bank of America**

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CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755551966  
01 01 152 01 M0000 E# 0  
Last Statement: 06/30/2009  
This Statement: 07/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
PAYROLL ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

**ANALYZED CHECKING****Account Summary Information**

Statement Period 07/01/2009 - 07/31/2009	Statement Beginning Balance	12,902.45
Number of Deposits/Credits 0	Amount of Deposits/Credits	.00
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	30.29
	Statement Ending Balance	12,872.16
Number of Enclosures 0		
	Service Charge	.00

**Withdrawals and Debits****Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
07/15		30.29	Account Analysis Fee ANALYSIS CHARGE JUNE BILLING FOR DETAIL 37555-51966	0879004949;

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
06/30	12,902.45	12,902.45	07/31	12,872.16	12,872.16
07/15	12,872.16	12,872.16			

**Bank of America**

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CUSTOMER CONNECTION  
BANK OF AMERICA, N.A.  
DALLAS, TEXAS 75283-2406

Account Number 3755555454  
01 01 152 01 M0000 E# 0  
Last Statement: NEW ACCOUNT  
This Statement: 07/31/2009

Customer Service  
1-877-757-8233

WAREHOUSE 86 LLC  
DEBTOR IN POSSESSION 08-03423  
MMS ACCOUNT  
PO BOX 16692  
JACKSON MS 39236

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Bankruptcy Case Number: 0803423

Effective October 1, 2009, a pricing increase will occur for some services provided by Bank of America's Automated Account Service, Service on Line or service provided by a Customer Service Representative Assistance. The new price for statement and photocopy requests are \$10.00 per item. An additional \$25.00 fee per occurrence is assessed for CSR Assistance when the service request is available through one of Bank of America's automated services. The fees will be debited from your account. If you are interested in learning more about our automated services, please contact your banking representative.

**MONEY MARKET SAVINGS****Account Summary Information**

Statement Period 00/00/0000 - 07/31/2009	Statement Beginning Balance	.00
Number of Deposits/Credits 2	Amount of Deposits/Credits	100,004.11
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 0	Amount of Other Debits	.00
	Statement Ending Balance	100,004.11
Number of Enclosures 0	Service Charge	.00

**Interest Information**

Amount of Interest Paid 4.11	Interest Paid Year-to-Date	4.11
Annual Percentage Yield Earned .15%		

**Deposits and Credits**

Date	Customer Statement Reference	Amount	Description	Bank Reference
7/22		100,000.00	aaLzD-Book Transfer	
7/31		4.11	INTEREST PAID ON 18 DAYS	02460001519
			AVERAGE COLLECTED BALANCE OF	09840004400
			\$55,555.56	

**Daily Balances**

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
0/00	.00		07/31	100,004.11	100,004.11
7/22	100,000.00	100,000.00			